

* CAMPBELL SOUP'S PAUL ALEXANDER ON FOSTERING BIG IDEAS

APRIL 2008

The Advertiser

THE VOICE OF THE MARKETING COMMUNITY

FOCUSED ON THE CONSUMER

How **Derek Gordon**
uses insights to build
global brands at **Clorox**



FIVE SECRETS FOR
CREATING A CULTURE
OF INNOVATION

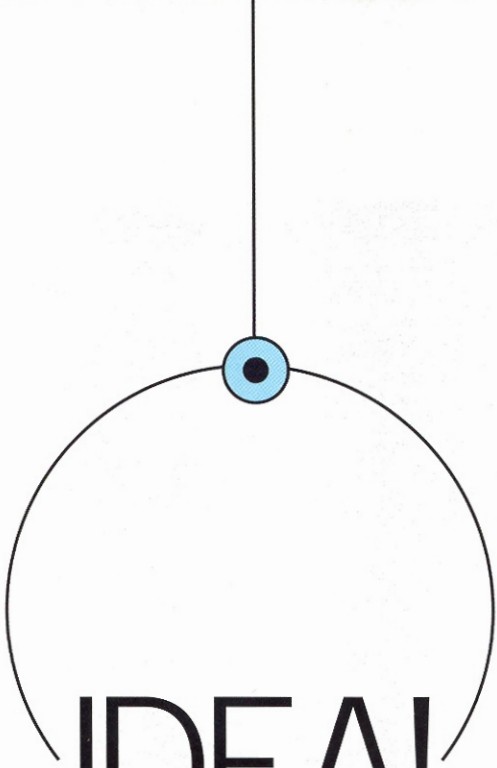
EXCLUSIVE INTERVIEW
WITH McDONALD'S USA
CMO NEIL GOLDEN

WHY ANA MEMBERS
ARE FANS OF SPORTS
SPONSORSHIPS

NEW WAYS TO MEASURE
YOUR SPEND ON EVENT
MARKETING

Derek Gordon,
who served as vice
president and CMO
at Clorox until his
recent promotion,
has achieved a string
of successes as a
brand manager.

ANA



WHAT A GREAT IDEA!

Everybody likes to believe they're innovative, but few bring that trait to the forefront. Here are five best practices for creating a culture of innovation in your marketing organization **By Thomas Wailgum**

INSIDE TODAY'S MOST resourceful marketing organizations, the resounding drumbeat for more innovation has become deafening. "The only way to survive is to be innovative," admits Warwick Stirling, the global director of innovation at Benton Harbor, Mich.-based Whirlpool Corp. "It's not an option."

The question is, how do you innovate? By locking your team in a colorful room for hours on end? By begging the finance department for more money? By taking a smart pill every morning? Innovation is, after all, an abstract term, one that can be difficult to grasp, let alone communicate to a legion of marketing pros. "CMOs are all trying to figure this out, wondering what everyone else is doing and the best way to manage and maintain it," says Cindy Commander, an analyst at Cambridge, Mass.-based Forrester Research, who works with research that concentrates on chief marketing officers. "Anyone can have one great, innovative idea. But how can you sustain that [momentum] over a longer period of time?"

To try to answer that question, here are five best practices from marketing leaders and other experts who know, live, and love innovation.

1 Everybody Innovates — Including You

A marketing department has little chance of being innovative if there isn't an underlying culture and unifying team attitude that makes everyone — not just senior managers — actually want to innovate. "Innovation is not just done by a chosen few," Whirlpool's Stirling asserts. "It can be done by anyone, everywhere."

In some companies, Stirling notes, only a select few employees, such as those in research and development, are responsible for coming up with the big ideas. But a truly innovative company

reaches out to front-line customer- and field-service personnel, as well as to salespeople who are interacting with customers every day. "At Whirlpool, we say every employee who has an idea can be a part of the process," Stirling points out. "Everybody has a voice. And that's empowering."

It takes CMO leadership, however, to foster such an environment. Since assuming the top marketing position at the Cleveland Clinic & Health System in 2006, Paul Matsen has been busy breaking down preexisting marketing silos and cultivating a more collaborative, innovative spirit that matches the organization's medical successes. "My job is to create an environment where great ideas can come forward, and where we can move those ideas to market very quickly," he says. "You have to believe that the best thinking can come from anywhere in the organization, from any level."

For example, at one of Cleveland Clinic's health centers, the environmental services workers (those who clean the rooms) started saying good night to the patients. It's a simple concept, but "the patients love it," Matsen says, and the grassroots idea has since been rolled out across the 10-hospital system.

At New York-based JPMorgan Chase Treasury & Securities Services (TSS), the \$8 billion wholesale transaction and investment processing arm of the global financial services firm, CMO Eileen Zicchino says marketing leaders have to display their own brand of innovative thinking. "If you, as a leader, do not come up with some creative thoughts and demonstrate that you will support creativity even if it fails, you'll never get your people to be creative," she claims.

Zicchino admits that some of her ideas in brainstorming sessions with global team members may be ill-timed or impractical



ING RUNS ON INNOVATION



TRICIA CONAHAN, the senior vice president and head of brand marketing at the financial services company ING, shared with *The Advertiser* her thoughts on fostering a culture of innovation, balancing corporate needs and marketing creativity, and the importance of orange shoelaces.

Q. How do you make innovation actionable?

A. The first step to driving innovation is to hire very loose-thinking, creative people who can bring ideas to the table. But that's the easy part. The challenge is continuing to keep them motivated when they are working inside of corporate cultures that may be more conservative than some of the best marketing is.

Q. How do you balance marketing's creativity with ING's institutional needs?

A. We are very careful how we take [new ideas] into the organization, and we are specific about building metrics programs around them to be able to show that they deliver in the marketplace. There's nothing haphazard about how we put forward creativity from a marketing standpoint. When you manage it that way, with respect for the culture of the corporation you work in and respect for the fabulous creativity of the marketing team, we've found that you're able to continue to put programs forward that get accepted, that you can get to market, and that will keep the juices going in the marketing department.

Q. But you do have to take some risks?

A. Just launching ING as the fresh-thinking, orange financial services brand was a risk. [We broke] a lot of paradigms in this category. Six years ago the category was very blue. We decided to signal that we were different.

The category didn't use humor. We launched with advertising that didn't say anything about the products but just positioned ING as this optimistic brand that was saying something different. And that was a huge risk. But it was a calculated risk because all of the research told us that there was a sea of sameness in financial services, and that consumers were hungry for something new and different.

Q. How do you balance that irreverent sense of humor with the serious demands of being a financial services company?

A. Because we are managing people's money, we are probably more conservative than, say, Burger King would be — and that's appropriate for what our customers tell us they want to see from a financial services company. They want us to bring new ideas and talk to them in engaging ways. But they certainly don't want us on the bleeding edge because we are managing their money. So there's a balance in keeping the brand fresh and creative and talking with our consumers in new ways, but without crossing that line of trust that says "Now you're starting to get silly, and I'm not sure I want to send you my money."

Q. Where else has your department been innovative?

A. We had the idea of offering bright orange laces, for \$10, for running shoes that would support our Run for Something Better charity campaign. We beta tested it at the ING New York City Marathon in November 2006. It went through the roof! We're now on the running Web page of every running event we're engaged with, and sales of orange laces are 240 percent above projections for 2007. It has grown into a huge program that is very visible for ING in the running community and is delivering a lot of affinity for the ING brand. It's another example of a cause-related marketing program that was out of the box for ING and certainly unlike anything this company had done before.

— T.W.



THERE ARE
HUGE BENEFITS
TO EMPLOYING
STAFF WHO ARE
NOT MARKETERS.

for JPMorgan Chase's U.S. operations, but they may make sense in Asia or the Middle East. "It's about demonstrating that I could come up with those ideas, and then they could respond to those ideas," she says.

2 Assemble a Diverse Team

It's human nature for marketers to hire like-minded individuals with deep industry experience, Forrester's Commander says, but there are huge benefits to employing staff who are not marketers by training or trade. "Individuals who are from a totally different industry bring some of the new ideas or innovative thoughts [from their field] that can be applied across industries," she notes, adding that much of the advertising industry intricacies and lexicon can be learned by smart, versatile people. "By diversifying the team, it starts to foster idea generation. That internal debate can bring about really good solutions."

Inside the global equities business at New York-based Merrill Lynch, client strategy and marketing chief Heather Evans, an investment banker by training, has purposefully assembled a team with diverse backgrounds. Some of the key members include a PhD in research methodologies, a PhD in physics, and a staff member with a sales management background. "None of us has what I would call a traditional marketing communications background," Evans notes.

Yet the hires make perfect sense because the institutional equities business is quantitative and scientific, with heavy importance placed on sales services, Evans says. "Much of what we do is invent new ways to understand our audience and apply what we call marketing science," she adds.

Another way to spawn "fresh thinking" is to have finance, operations, and technology staff spend time working in the marketing department and vice versa, Commander says. Such an approach can

DOES YOUR BRAND HAVE THE RIGHT TOUCH?

By Donna J. Sturgess



THINK ABOUT a brand that you would recognize only by the sense of touch. One “grasps” tactile experiences spontaneously, igniting a chain of desires and anticipated benefits.

Consider the first time you touched an iPod. Is there any doubt in your mind that its entire touch profile — weight, textures, density — was instantaneously understood as a unique tactile event, one you wanted to repeat? Steve Jobs has successfully leveraged our innate perceptual processes to brand the connection of a sensory event to expected and unexpected benefits. The iPod is pure marketing magic in one's hands.

Apple's exquisite retail spaces encourage physical contact by inviting customers to touch, explore, and play with the entire product line. Recent sales figures indicate that fully 50 percent of people buying Apple products are new Mac users, whom Apple calls “switchers.” Apple's command of the consumer high ground in tech retail has effectively put a number of competitors on notice.

Michael Dell's recent memo declaring that indirect and retail outlets were under consideration and that two test stores were being launched is a tacit confirmation of Paco Underhill's declaration: “We

live in a tactile-deprived society, and shopping is one of our few chances to freely experience the material world firsthand.”

Brand Communicator

It's a truism that brands do not just sell *products*, they sell *expectations* based on reputation. In a sense, a brand is a reasonable hypothesis about future benefits, functional and emotional. But the product's physical presence must *perform* to provide the emotional leverage. In this way, touch is the ultimate brand communicator by validating a future purchase decision. And it's why, even though possession truly starts in the mind and must be activated by the sense of sight, touch seals the deal.

It follows that one of the most powerful consumer touchpoints, and one of the most difficult to master, is the realm of branding based on the sense of touch — of making an indelible impression, literally and figuratively, that forges a deep, meaningful contact between expectation, sensory experience, and product performance. The world of touch opens up vast horizons to savvy marketers for innovation, differentiation, and intensification of a brand's emotional reach.

Touch and emotion have been linked since the dawn of time. No less an authority than Aristotle fell into rhapsodic prose describing touch as “the primordial sense of immediacy [where] desire, pleasure, and pain emerge hand in hand.” Can there be any doubt why shoppers become buyers by handling a product? Is

put an end to innovation-killing comments, like “That's the way things have always been done.”

3 Process Can Make Perfect

As counterintuitive as it may sound, there has to be a process for innovation, even one that's loose and unrestrictive. “A process still enables creativity,” Commander says, “but it keeps the end goals in mind.”

Whirlpool's Stirling, who is responsible for creating a culture of innovation across the company, is a big believer in process. One integral part of the company's process is what he calls a “lens smashing” exercise. Staffers gather market research, customer insights, and trending data, and then “smash them together to see what kind of ideas and solutions come up,” Stirling says. For example, the team might look at data from the aging population segment, nanotechnology trends, and advancements in flat-panel screens on refrigerator doors. “If we smash them together, what does the world look like?” he asks. The results can be amazing and insightful.

Whirlpool also has more than 1,000 I-Mentors who guide staff through the company's innovation process. Employees

receive an innovation tool kit and can participate in online sessions that provide more information on collaboration and innovation in their specific departments.

According to Commander, a standard process offers staffers “boundaries” for harnessing innovation. “It's a lot easier to jump into a pool when there are four sides,” she says, “rather than jump into the ocean, where you could go anywhere.”

4 Take Risks and Learn from Them

Jim Carroll, a noted innovation expert, consultant, and author based in Ontario, Canada, says he sees too much “bandwagon innovation” in marketing these days. Consider the rush by brands to launch viral videos on YouTube. “That's not what innovation is,” he says. “It's admitting that everything we do — how we are marketing to the customer, what the brand means to the customer, and what we do to update uniqueness and freshness of brand — has to constantly change because everything around it is constantly changing.”

CMOs who aren't afraid to focus on “experiential capital,” as Carroll calls it, or encourage innovative thinking by taking calculated risks, regardless of the outcome, stand a better chance of being successful over the long run. “However,” he notes, “I don't see a lot of leaders who truly set [this] tone.”

JPMorgan Chase's Zicchino is an exception. A year ago, her group was brainstorming new ways to

reach TSS's target customers (cash managers, CFOs, or treasurers at large corporations, governments, and other banks), all of whom have little free time. The group didn't want to spend a ton of money.

Staffers floated the idea

of creating podcasts — audio files downloaded from TSS's Web site that customers could listen to on their MP3 players when they were exercising, driving, or on the subway. The pilot was a resounding success, Zicchino says. TSS has since rolled out several more podcasts, including a popular one on payment fraud.

CMOS WHO TAKE RISKS STAND A BETTER CHANCE OF BEING SUCCESSFUL.



Experience the myriad products on display at Apple stores across the country.

there a better possible connection to your consumer than tactile contact?

Leaving an Imprint

The touch of a friend or caregiver imprints a primal sense of well-being. It informed GlaxoSmithKline's intentions when it came to designing the new Alli "shuttle."

As the first FDA-approved over-the-counter weight-loss treatment on the market, Alli is blazing a new and unique path in the consumer world because it is more than a pill — it's a program for meaningful weight loss that starts with inhibiting fat absorption and encourages positive food and lifestyle choices. Because weight loss is dominated by strong emotional associations, we aimed at having our pill carrier, or shuttle, embody a set of tactile cues that would be soothing and comforting.

Unfortunately, TSS's experiment with blogs didn't go as well. They proved to be resource-intensive, and the clickthrough rate fell short of expectations. But Zicchino made sure her team understood that even though the project failed, it was not a bad idea. "Maybe the idea is not right for now," she says, "So put it in a file folder, and look at it six months from now. You'd be surprised how things resurrect themselves."

At the Cleveland Clinic, Matsen uses small, targeted pilot programs as a way to test riskier marketing ideas. His experience has taught him an important lesson: "Innovation is a process of taking risks and failing, and then rapidly learning and getting to the right solution," he says. "If you haven't failed, you're probably not innovating."

5 Know Your Customers

It's no secret that companies innovate for their customers. According to Forrester's Commander, leading CMOs utilize market research and other analytical tools, as well as face-to-face meetings, to better understand their customers and meet their changing needs. "CMOs need to be out talking to customers themselves, listening, sharing,



The Alli weight-loss pill in its soothing, easy-to-hold carrier.

The gentle, bubbled surface has the texture of a worry stone and offers a familiar, griplike interface to the hand. Easy to hold and open, it offers the Alli user a familiar, pleasurable object that humanizes the experience of taking a pill. Comfort, convenience, control — feelings are easily linked to our tactile encounters. And these messages are conveyed, literally, *on contact*.

Touch is the final opportunity for a brand to prompt a purchase — it must move the cycle of desire, temptation, and decision to closure. Touch has to deliver the heart and soul of a brand because the road to emotion runs through the sensory order. As we learn more forcefully every day, emotion saturates decisions.

Marketers will always seek novel ways to differentiate visually. But those who differentiate through mass, texture, temperature, compression, elasticity, and other haptic dimensions will, like Apple's Jobs, be climbing to a higher, more secure domain of brand performance. The truly tactile brand still speaks in the absence of sight.

It is, as Aristotle declared, what conveys immediacy and presence — what makes a brand promise.

Donna J. Sturgess is the global head of innovation for the Consumer Healthcare division at GlaxoSmithKline.

and bringing those ideas and conversations back into marketing," she says. A CMO who Commander recently spoke with poses a single question to his staffers to reinforce the importance of talking to customers to spark new ideas: What did you learn about the customer this week?

One of Matsen's key marketing goals is to keep both sets of customers (doctors who refer patients to the clinic and the patients themselves) apprised of the medical and research innovations and services provided at the Cleveland Clinic. Because these customers are both online and new media users, Matsen's staff actively targets them with the appropriate tools. His group created a Cleveland Clinic daily news service that sends out health care information and stories that can be customized by online media outlets. They've also developed online communities that connect information seekers to leading medical specialists through chat and discussion groups. Currently, they are working with Spot Runner, a new media buying service, to pinpoint specific markets (and consumers) that may be interested in these services.

The overall goal, Matsen says, is to better serve customers any way possible. "We're a national brand, but we're located in Cleveland," he adds. "So we need to create virtual pathways for people to connect with us."

In the end, CMOs can't forget that innovation is all about delivering business results. "My bosses don't look for innovation, specifically," Zicchino says. "They look for me to deliver value to the business. So how do I make the job easier for sales, for example, so they don't have to work that hard, and then bring the revenue in much faster?"

The ability to innovate is also one of the most exciting parts of a marketer's job. "It's the rock and roll of marketing," Matsen says. "If you can't get excited about innovation, you're probably in the wrong job." ■

Next Steps

For more information on how to create a culture of innovation in your marketing organization, visit the Marketing Insights Center at www.ana.net/mic. Keyword search: "Innovate Now."